

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 05-44481

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In the Matter of:

DELPHI CORPORATION,

Debtors.

- - - - -x

U.S. Bankruptcy Court

One Bowling Green

New York, New York

March 24, 2009

10:55 AM

B E F O R E:

HON. ROBERT D. DRAIN

U.S. BANKRUPTCY JUDGE

1
2 HEARING re Motion for Orders (A)(I) Approving Bidding
3 Procedures, (II) Granting Certain Bid Protection, (III)
4 Approving Form and Manner of Sale Notices, and (IV) Setting
5 Sale Hearing Date, and (B) Authorizing and Approving Sale by
6 Delphi Automotive.

7
8 HEARING re Motion to Authorize Motion for Order Authorizing
9 Debtors to Enter into Fourth Amendment and Fifth Amendment to
10 Arrangement with General Motors Corporation.

11
12 HEARING re Motion Extending Debtors' Exclusive Periods within
13 which to File and Solicit Acceptance of Reorganization Plan.

14
15 HEARING re Motion for Order (I) Authorizing Debtors' Entry into
16 Amended and Restated Reimbursement Agreement with Issuing Bank
17 Relating to Letters of Credit and (II) Providing Certain
18 Protections.

19
20 HEARING re Motion for an Order Authorizing and Approving Option
21 Exercise Agreement with General Motors Corporation.

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23 HEARING re Forty-Second Omnibus Hearing Agenda.

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25 Transcribed by: Penina Wolicki

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MICHIGAN DEPARTMENT OF ATTORNEY

BY: CELESTE GILL, ESQ. (TELEPHONICALLY)

ALSO PRESENT:

JORDAN FISHER, Pentwater Capital Management
(TELEPHONICALLY)

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P R O C E E D I N G S

THE COURT: Be seated. Okay, Delphi Corporation.

MR. BUTLER: Your Honor, good morning. Jack Butler, Kayalyn Marafioti, and Al Hogan on behalf of the debtors in connection with their forty-second omnibus hearing agenda. We have filed the agenda docket number 16497, and we'd go through the items as listed.

THE COURT: Okay.

MR. BUTLER: Your Honor, the first matter on the agenda, matter number 1, is a motion to compel the debtors' performance under lease of nonresidential real property and for payment of administrative expenses filed at docket number 16381. This has to do with certain warehouse space that had previously been used for storage and light assembly of parts that were delivered to the GM Saturn plant that was nearby in Colombia, Tennessee. The debtors vacated these premises in October 2008.

The parties have agreed to adjourn this matter to the April 23rd omnibus hearing and the debtors' objection deadline to April 16th. The parties are involved in several discussions and hope to resolve the matter consensually. As a practical matter, Your Honor, the debtors will, at the appropriate time, in connection with the plan modifications, ask the Court, if we don't have a settlement, to deem this rejected as of October when we no longer were using it. We've advised the parties of

1 that, and we're trying to sort out a negotiated resolution, and
2 hope to be able to do that by next month.

3 THE COURT: Okay.

4 MR. RESNICK: Your Honor, matter number 2 on the
5 agenda is the Anaheim sale motion at docket number 14701. This
6 is the second step hearing on a two-step sale process. And
7 we're seeking today, Your Honor, approval of the sale of the
8 Anaheim property from DAS LLC to Birtcher Anaheim Magnolia
9 Avenue, who is the stalking-horse purchaser. Your Honor
10 previously approved bidding procedures and entered the bidding
11 procedures order with respect to the sale on February 25th at
12 docket number 16378.

13 Pursuant to the bidding procedures order, Your Honor,
14 the bids were to have been delivered by March 9, 2008 (sic).
15 There were no qualified bids. Therefore, there was no auction
16 held by the debtors, and we're asking Your Honor to approve the
17 consummation of the divestiture of the Anaheim property with
18 the stalking-horse bidder on the terms and conditions set forth
19 in the motion. Your Honor, there is an exhibit index that we
20 provided for evidentiary purposes here. It has fifteen
21 exhibits. Exhibit number 1 is Mr. Stip (ph.) who's present in
22 court's declaration in support of this. Exhibit 2 and 3 are
23 the agreements that are at issue today. And the balance of the
24 other twelve exhibits deal with court documents, including
25 notices concerning executory contracts to be assumed and

1 assigned and all of the appropriate affidavits of service and
2 publication. Your Honor, I move admission of Exhibits 1
3 through 15.

4 THE COURT: Okay. They're admitted.

5 (Affidavit of Mr. Stip was hereby received into evidence as
6 Debtors' Exhibit 1, as of this date.)

7 (Agreements at Issue were hereby received into evidence as
8 Debtors' Exhibits 2, 3, as of this date.)

9 (Court Documents were hereby received into evidence as Debtors'
10 Exhibits 4-15, as of this date.)

11 THE COURT: I've reviewed Mr. Stip's affidavit as
12 well as the proposed order. And in light of there being no
13 opposition to the motion and the averments in the papers, I'll
14 approve the sale and assumption and assignment.

15 MR. BUTLER: Thank you, Your Honor. Your Honor,
16 matter number 3 on the docket is the GM arrangement fourth and
17 fifth amendment approval motion. It is uncontested at docket
18 number 16411. Despite my earlier comments, I think I do want
19 to also bring up and discuss at this moment, Your Honor, matter
20 number 6 on the agenda, which is the steering option exercise
21 motion at docket number 16410. That is on the contested
22 docket. It has six objections that were filed. For purposes
23 of this hearing, the debtors had resolved two of those
24 objections, that was the objections of the Michigan Department
25 of Environmental Quality and the Pension Benefit Guaranty

1 Corporation at dockets number 16472 and 16475 respectively.
2 Remaining outstanding and unresolved were objections filed by
3 the creditors' committee, Wilmington Trust, the Tranche C
4 Collective and the DIP lender agent.

5 Your Honor, these three agreements were all
6 agreements entered into between General Motors and Delphi
7 Corporation that were subject to review by the United States
8 Treasury under Section 7.26 of the Loan and Security Agreement
9 by and between GM and certain other borrowers and the United
10 States Treasury, dated as of December 31, 2008. Last evening
11 we received information from the U.S. Treasury that has led the
12 debtors to conclude that it would be premature to seek approval
13 of these motions today.

14 The Treasury has indicated that based on the
15 information that it had, it wasn't prepared to have these
16 matters go forward, and if they were going forward, would
17 assert its objection rights, and instead indicated that they
18 would review those matters upon further review of these
19 documents and obtaining a more thorough understanding of
20 Delphi's cash flow needs and other information, and discussing
21 these matters with the parties. We have had discussions with
22 representatives of the United States Treasury about engaging in
23 those discussions in the short term, and therefore would like
24 to move these two hearings dealing with the GM arrangement
25 amendments and the steering exercise option agreement to a date

1 next week. My understanding is that April 2nd is available on
2 the Court calendar, and we'd like to adjourn these briefly
3 while we address these matters.

4 THE COURT: Okay. I will adjourn them to April 2nd.
5 It appears there is a legitimate need for some additional
6 coordination. And I think the cases can accommodate themselves
7 to that on a very short term basis.

8 MR. BUTLER: Thanks, Judge. Your Honor, the next
9 matter on the agenda is the statutory committee exclusivity
10 extension motion at docket number 16412. This is not opposed.
11 And this is simply as to the committee's only continues to move
12 the dates from what was March 31, 2009 and May 31, 2009
13 respectively for the two periods, to May 31, 2009 and July 31,
14 2009. This is a sixty-day extension, and it is consistent,
15 generally, Your Honor, with the milestones set forth in the
16 accommodation agreement and the various amendments thereto as
17 we sort through the remaining negotiations between the parties
18 regarding the appropriate plan modifications.

19 THE COURT: Okay. And it's subject to both the
20 debtors' and the committee's reservations on 1129(c) as to
21 whether this is even a proper vehicle. But I think postponing
22 that dispute and perhaps to the date when it's moot, is a good
23 idea. So in light of the motion and there being no opposition
24 to it, I'll grant it.

25 MR. BUTLER: Thank you, Judge. Your Honor, the last

1 matter, which is also an uncontested matter, is the
2 reimbursement agreement approval motion at docket number 16413.
3 This is a request to authorize the debtors' entry into an
4 amended and restated reimbursement agreement with JPMorgan
5 Chase Bank relating to letters of credit issued outside the DIP
6 facility, and providing certain protections with respect to the
7 reimbursement agreement.

8 To make a very long story short, because I'm not
9 going to go through all of the provisions of the proposed
10 order, Your Honor, there was a treatment of letters of credit
11 and L/C disbursing banks under the DIP arrangement. And when
12 the accommodation agreement was put in place, not all of those
13 provisions necessarily were translated into the accommodation
14 agreement. And obviously, the debtors have a need for letters
15 of credit. JPMorgan Chase Bank has been very helpful to the
16 debtors in providing letters of credit on a discretionary
17 basis, which is what it is. It's a discretionary determination
18 by them.

19 They want, and we thought it was a reasonable
20 request, to have the same kinds of protection as they had under
21 the DIP as an L/C bank, and we also wanted to provide some
22 clarifications of a number of issues, including how we would
23 get cash collateral returned to us that we have since given
24 them under the accommodation agreement associated with the L/C
25 obligations.

1 So there is an order that has been fully negotiated
2 that lays out all the terms and conditions of these
3 arrangements, and there is an amended and restated
4 reimbursement agreement we filed with the motion. And we'd ask
5 Your Honor to approve those documents as presented to the
6 Court.

7 THE COURT: Okay. Does anyone have anything to say
8 on this motion? All right. I've reviewed it, and in light of
9 it's being unopposed as well as my review, and its essential
10 nature as being a carryover and a cleanup of the L/C issuers'
11 rights for replacement letters and new letters of credit, I
12 will approve it.

13 MR. BUTLER: Thank you, Your Honor. Your Honor,
14 those are all the matters on the agenda. We'll be back on
15 April 2nd for the other two motions, and then back here on the
16 23rd for our April hearing.

17 THE COURT: Okay. Thank you.

18 MR. RESNICK: Thanks, Judge.

19 (Proceedings concluded at 11:05 a.m.)
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I N D E X

E X H I B I T S

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Credit Approved		

C E R T I F I C A T I O N

I, Penina Wolicki, certify that the foregoing transcript is a
true and accurate record of the proceedings.

Penina Wolicki

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Date: March 26, 2009